

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**INVESTMENT PERFORMANCE REPORT AS OF JANUARY 31, 2003**

	January-03				December-02				September-02				Current Fiscal YTD	Prior Year FY02	3 Years Ended 6/30/2002	5 Years Ended 6/30/2002
	Allocation				Allocation				Allocation							
	Market Value	Actual	Policy	Net ROR	Market Value	Actual	Policy	Quarter Net ROR	Market Value	Actual	Policy	Quarter Net ROR	Net ROR	Net ROR	Net	Net
LARGE CAP DOMESTIC EQUITY																
Structured Growth																
AllianceBernstein	19,044,438	1.9%	2.3%	-2.42%	19,511,985	1.9%	2.3%	3.03%	18,780,830	1.9%	2.3%	-13.56%	-13.10%	-28.98%	-16.11%	N/A
Russell 1000 Growth				-2.43%				7.15%				-15.05%	-11.19%	-26.49%	-16.15%	N/A
Structured Value																
LSV	44,358,339	4.4%	4.5%	-2.85%	45,636,683	4.4%	4.5%	6.44%	42,506,859	4.3%	4.5%	-18.29%	-15.51%	2.72%	5.54%	N/A
Russell 1000 Value				-2.42%				9.22%				-18.77%	-13.43%	-8.96%	-4.87%	N/A
Enhanced Russell 1000 Index																
LA Capital (Wilshire)	42,594,606	4.2%	4.5%	-2.02%	43,465,003	4.2%	4.5%	6.92%	40,322,633	4.1%	4.5%	-16.27%	-12.29%	-17.00%	N/A	N/A
Russell 1000				-2.42%				8.16%				-16.91%	-12.31%	-17.89%	N/A	N/A
Enhanced S&P 500 Index																
Northern Trust	41,345,266	4.1%	4.5%	-2.62%	42,479,676	4.1%	4.5%	8.10%	38,974,110	4.0%	4.5%	-16.71%	-12.32%	-16.98%	N/A	N/A
Strong	42,116,841	4.1%	4.5%	-2.22%	42,986,661	4.2%	4.5%	10.08%	38,723,285	3.9%	4.5%	-16.75%	-10.39%	-20.23%	N/A	N/A
Westridge	51,795,202	5.1%	4.5%	-2.62%	52,870,344	5.2%	4.5%	8.52%	48,513,336	4.9%	4.5%	-17.19%	-12.49%	-17.54%	N/A	N/A
Total Enhanced S&P 500 Index	135,257,308	13.3%	13.5%	-2.50%	138,336,681	13.5%	13.5%	8.87%	126,210,731	12.9%	13.5%	-16.88%	-11.76%	-18.23%	N/A	N/A
S&P 500				-2.62%				8.44%				-17.28%	-12.65%	-17.98%	N/A	N/A
S&P 500 Index																
State Street	49,330,973	4.8%	5.3%	-2.62%	50,657,847	4.9%	5.3%	8.45%	43,960,466	4.5%	5.3%	-17.26%	-12.62%	-17.96%	-9.14%	3.67%
S&P 500				-2.62%				8.44%				-17.28%	-12.65%	-17.98%	-9.18%	3.67%
TOTAL LARGE CAP DOMESTIC EQUITY	290,585,665	28.6%	30.0%	-2.50%	297,608,199	29.0%	30.0%	7.69%	271,781,518	27.7%	30.0%	-16.78%	-12.62%	-17.13%	-9.48%	2.68%
S&P 500				-2.62%				8.44%				-17.28%	-12.65%	-17.98%	-9.18%	3.67%
SMALL CAP DOMESTIC EQUITY																
Manager-of-Managers																
SEI	99,181,605	9.7%	8.0%	-2.62%	101,823,731	9.9%	10.0%	5.19%	70,903,263	7.2%	8.0%	-19.10%	-17.13%	-11.87%	N/A	N/A
Russell 2000 + 200bp				-2.60%				6.66%				-20.90%	-17.83%	-6.68%	N/A	N/A
TOTAL SMALL CAP DOMESTIC EQUITY	99,181,605	9.7%	8.0%	-2.62%	101,823,731	9.9%	10.0%	5.19%	70,903,263	7.2%	8.0%	-19.10%	-17.13%	-11.87%	1.18%	1.95%
Russell 2000				-2.77%				6.16%				-21.40%	-18.87%	-8.59%	1.67%	4.44%
INTERNATIONAL EQUITY																
Large Cap - Core																
State Street	18,379,496	1.8%	1.6%	-4.69%	19,291,897	1.9%	2.0%	4.11%	13,130,499	1.3%	1.6%	-19.99%	-20.61%	-11.74%	-6.76%	-2.26%
MSCI EAFE - 50% Hedged				-4.94%				4.04%				-20.02%	-20.90%	-14.62%	-5.75%	0.27%
Large Cap - Active																
Capital Guardian	47,163,056	4.6%	4.0%	-4.68%	49,452,515	4.8%	5.0%	7.35%	34,237,389	3.5%	4.0%	-21.50%	-19.66%	-13.17%	-1.00%	5.76%
Bank of Ireland	9,523,489	0.9%	0.8%	-5.66%	10,089,180	1.0%	1.0%	7.13%	7,407,705	0.8%	0.8%	-21.60%	-20.77%	N/A	N/A	N/A
Total Large Cap - Active	56,686,545	5.6%	4.8%	-4.84%	59,541,696	5.8%	6.0%	7.31%	41,645,095	4.2%	4.8%	-21.51%	-19.85%	-12.19%	-0.63%	6.00%
MSCI EAFE - 50% Hedged				-4.94%				4.04%				-20.02%	-20.90%	-14.62%	-5.75%	0.27%
Small Cap - Active																
Lazard	10,629,860	1.0%	0.8%	-1.76%	10,812,841	1.1%	1.0%	3.95%	8,303,351	0.8%	0.8%	-17.39%	-15.64%	N/A	N/A	N/A
Wellington	10,524,299	1.0%	0.8%	-2.58%	10,793,693	1.1%	1.0%	7.10%	7,963,664	0.8%	0.8%	-17.35%	-13.76%	N/A	N/A	N/A
Total Small Cap - Active	21,154,160	2.1%	1.6%	-2.17%	21,606,534	2.1%	2.0%	5.49%	16,267,015	1.7%	1.6%	-17.37%	-14.72%	N/A	N/A	N/A
SSB BROAD MARKET INDEX < \$2BN				-1.50%				1.85%				-15.30%	-15.03%	N/A	N/A	N/A
TOTAL INTERNATIONAL EQUITY	96,220,200	9.5%	8.0%	-4.24%	100,440,127	9.8%	10.0%	6.24%	71,042,608	7.2%	8.0%	-20.31%	-18.93%	-10.49%	-2.94%	2.40%
MSCI EAFE - 50% Hedged				-4.94%				4.04%				-20.02%	-20.90%	-14.62%	-5.75%	0.27%
EMERGING MARKETS EQUITY																
Capital Guardian	48,093,260	4.7%	5.0%	-2.21%	49,179,776	4.8%	5.0%	11.72%	44,022,601	4.5%	5.0%	-16.68%	-8.97%	-5.69%	-5.69%	-6.04%
MSCI Emerging Markets Free				-0.44%				10.04%				-16.30%	-8.30%	1.30%	-6.34%	-8.42%
DOMESTIC FIXED INCOME																
Core Bond																
Western Asset	39,199,208	3.9%	4.3%	1.01%	38,769,713	3.8%	3.7%	2.49%	50,157,445	5.1%	4.3%	3.66%	7.31%	8.87%	8.93%	8.26%
Lehman Aggregate				0.09%				1.57%				4.58%	6.31%	8.62%	8.10%	7.57%
Active Duration																
Criterion	38,761,008	3.8%	4.3%	0.31%	38,667,068	3.8%	4.4%	2.69%	49,437,568	5.0%	4.3%	2.57%	5.66%	6.00%	7.60%	7.09%
Lehman Aggregate				0.09%				1.57%				4.58%	6.31%	8.62%	8.10%	7.57%

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	January-03				December-02				September-02				Current Fiscal YTD	Prior Year FY02	3 Years Ended 6/30/2002	5 Years Ended 6/30/2002
	Market Value	Allocation Actual	Policy	Net ROR	Market Value	Allocation Actual	Policy	Quarter Net ROR	Market Value	Allocation Actual	Policy	Quarter Net ROR	Net ROR	Net ROR	Net	Net
<b>Index</b>																
Bank of ND	46,518,207	4.6%	5.5%	0.05%	46,201,693	4.5%	4.5%	1.40%	59,641,291	6.1%	5.5%	5.96%	7.49%	9.56%	8.03%	7.55%
Bank of ND Match Loan CD Program	14,780,455	1.5%	1.5%	0.46%	14,962,312	1.5%	1.5%	1.43%	14,932,255	1.5%	1.5%	1.44%	3.37%	5.79%	5.86%	5.90%
<b>Total Index</b>	<b>61,298,661</b>	<b>6.0%</b>	<b>7.0%</b>	<b>0.16%</b>	<b>61,164,004</b>	<b>6.0%</b>	<b>6.0%</b>	<b>1.38%</b>	<b>74,573,546</b>	<b>7.6%</b>	<b>7.0%</b>	<b>4.78%</b>	<b>6.40%</b>	<b>9.68%</b>	<b>7.81%</b>	<b>7.47%</b>
Lehman Gov/Credit				0.00%				1.73%				5.70%	7.52%	8.24%	7.85%	7.47%
<b>Convertibles</b>																
<b>TCW</b>	<b>39,685,053</b>	<b>3.9%</b>	<b>4.3%</b>	<b>1.41%</b>	<b>39,126,538</b>	<b>3.8%</b>	<b>3.7%</b>	<b>8.32%</b>	<b>44,401,459</b>	<b>4.5%</b>	<b>4.3%</b>	<b>-9.90%</b>	<b>-1.03%</b>	<b>-21.20%</b>	<b>-2.06%</b>	<b>N/A</b>
First Boston Convertible Index				2.58%				9.83%				-8.56%	3.02%	-12.44%	0.11%	N/A
<b>BBB Average Quality</b>																
<b>Strong</b>	<b>39,549,702</b>	<b>3.9%</b>	<b>4.3%</b>	<b>0.31%</b>	<b>39,395,747</b>	<b>3.8%</b>	<b>3.7%</b>	<b>4.11%</b>	<b>48,988,744</b>	<b>5.0%</b>	<b>4.3%</b>	<b>0.39%</b>	<b>4.84%</b>	<b>3.16%</b>	<b>6.83%</b>	<b>N/A</b>
Lehman BBB				0.54%				4.59%				2.70%	8.00%	5.85%	4.75%	N/A
<b>Timberland</b>																
<b>Evergreen (Wachovia)</b>	<b>37,054,020</b>	<b>3.6%</b>	<b>3.6%</b>	<b>6.38%</b>	<b>34,814,039</b>	<b>3.4%</b>	<b>3.4%</b>	<b>3.15%</b>	<b>35,606,528</b>	<b>3.6%</b>	<b>3.6%</b>	<b>-0.22%</b>	<b>9.48%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>255,547,653</b>	<b>25.1%</b>	<b>28.0%</b>	<b>1.38%</b>	<b>251,937,110</b>	<b>24.6%</b>	<b>24.0%</b>	<b>3.36%</b>	<b>303,165,290</b>	<b>30.9%</b>	<b>28.0%</b>	<b>0.71%</b>	<b>5.53%</b>	<b>2.56%</b>	<b>6.70%</b>	<b>6.56%</b>
Lehman Aggregate				0.09%				1.57%				4.58%	6.31%	8.62%	8.10%	7.57%
<b>HIGH YIELD BONDS</b>																
<b>Western Asset</b>	<b>59,490,630</b>	<b>5.8%</b>	<b>5.0%</b>	<b>2.11%</b>	<b>58,259,945</b>	<b>5.7%</b>	<b>5.0%</b>	<b>7.64%</b>	<b>54,125,166</b>	<b>5.5%</b>	<b>5.0%</b>	<b>-3.24%</b>	<b>6.35%</b>	<b>-6.08%</b>	<b>-3.89%</b>	<b>4.16%</b>
Lehman High Yield Bond Index				3.33%				6.74%				-2.93%	7.06%	-3.60%	-2.31%	0.68%
<b>INTERNATIONAL FIXED INCOME</b>																
<b>International Core</b>																
<b>UBS Global (Brinson)</b>	<b>57,899,596</b>	<b>5.7%</b>	<b>5.0%</b>	<b>1.89%</b>	<b>56,806,368</b>	<b>5.5%</b>	<b>5.0%</b>	<b>6.06%</b>	<b>58,509,848</b>	<b>6.0%</b>	<b>5.0%</b>	<b>2.39%</b>	<b>10.65%</b>	<b>16.83%</b>	<b>2.39%</b>	<b>2.43%</b>
Salomon Brothers Non-US Gov't Bond Index				1.87%				6.06%				2.84%	11.12%	15.72%	3.14%	3.03%
<b>REAL ESTATE</b>																
JMB	54,363			-12.84%	62,368			-1.27%	1,034,424			1.94%	-12.28%	0.92%	1.25%	7.60%
INVESCO	26,494,686			0.15%	26,455,209			-0.41%	26,898,258			3.78%	3.51%	2.61%	7.70%	N/A
J.P. Morgan	29,681,178			0.06%	29,486,181			1.90%	28,936,241			1.64%	3.63%	4.10%	9.60%	11.72%
<b>TOTAL REAL ESTATE</b>	<b>56,230,226</b>	<b>5.5%</b>	<b>5.0%</b>	<b>0.10%</b>	<b>56,003,758</b>	<b>5.5%</b>	<b>5.0%</b>	<b>0.65%</b>	<b>56,868,923</b>	<b>5.8%</b>	<b>5.0%</b>	<b>2.78%</b>	<b>3.55%</b>	<b>3.35%</b>	<b>8.64%</b>	<b>9.66%</b>
NCREIF TOTAL INDEX				0.55%				1.67%				1.79%	4.06%	6.79%	9.41%	11.96%
<b>ALTERNATIVE INVESTMENTS</b>																
Brinson IVCF II	268,900			0.00%	270,022			-3.71%	280,402			-5.91%	-9.40%	-28.90%	3.96%	21.27%
Coral Partners II	286,723			0.00%	275,339			-5.57%	288,961			-19.48%	-23.96%	-53.48%	-30.67%	-16.01%
Coral Partners V	10,707,718			0.00%	10,644,361			-7.89%	10,516,776			-17.47%	-23.98%	-46.32%	-3.46%	N/A
Coral Partners V - Supplemental	656,144			0.00%	657,976			-11.88%	734,421			-14.17%	-24.37%	N/A	N/A	N/A
Coral Partners VI	684,934			0.00%	772,916			-21.31%	608,359			N/A	N/A	N/A	N/A	N/A
Brinson 1998 Partnership Fund	1,943,853			0.00%	1,943,320			-7.89%	2,147,412			-3.97%	-11.55%	-15.23%	8.66%	N/A
Brinson 1999 Partnership Fund	2,466,966			0.00%	2,466,288			-6.50%	2,426,646			-4.67%	-10.86%	-21.70%	-0.85%	N/A
Brinson 2000 Partnership Fund	3,583,365			0.00%	3,582,381			-1.66%	3,174,793			-6.93%	-8.48%	-14.95%	N/A	N/A
Brinson 2001 Partnership Fund	1,012,642			0.00%	1,012,364			-1.33%	1,018,176			-1.08%	-2.40%	-6.22%	N/A	N/A
Brinson 2002 Partnership Fund	679,063			0.00%	678,877			-2.74%	686,547			0.15%	-2.59%	N/A	N/A	N/A
Total Brinson Partnership Funds	9,685,889			0.00%	9,683,229			1.14%	9,453,575			-4.85%	-3.77%	N/A	N/A	N/A
Brinson 1999 Non-US Partnership Fund	1,224,325			0.00%	1,223,989			-2.36%	1,140,547			12.07%	9.43%	-7.68%	-3.51%	N/A
Brinson 2000 Non-US Partnership Fund	1,035,183			0.00%	1,034,898			-0.81%	907,252			7.00%	6.13%	-6.51%	N/A	N/A
Brinson 2001 Non-US Partnership Fund	446,530			0.00%	446,407			-1.54%	445,970			-1.47%	-2.99%	-4.85%	N/A	N/A
Brinson 2002 Non-US Partnership Fund	920,783			0.00%	920,530			-0.33%	348,399			N/A	N/A	N/A	N/A	N/A
Total Brinson Non-US Partnership Fund	3,626,821			0.00%	3,625,825			-1.48%	2,842,168			6.90%	5.32%	N/A	N/A	N/A
Brinson BVCF IV	6,824,579			0.00%	6,355,815			-9.29%	6,891,660			-2.76%	-11.79%	-29.16%	-17.06%	N/A
Matlin Patterson Global Opportunities	10,517,474			0.00%	10,514,586			0.00%	9,125,381			N/A	N/A	N/A	N/A	N/A
InvestAmerica	873,168			0.00%	872,928			3.02%	912,538			31.25%	35.21%	N/A	N/A	N/A
Hearthstone	4,706,673			0.00%	4,173,907			3.48%	4,756,522			11.34%	15.21%	4.99%	N/A	N/A
<b>TOTAL ALTERNATIVE INVESTMENTS</b>	<b>48,839,023</b>	<b>4.8%</b>	<b>5.0%</b>	<b>0.00%</b>	<b>47,846,904</b>	<b>4.7%</b>	<b>5.0%</b>	<b>-3.11%</b>	<b>46,410,761</b>	<b>4.7%</b>	<b>5.0%</b>	<b>-7.13%</b>	<b>-10.02%</b>	<b>-29.02%</b>	<b>-0.51%</b>	<b>7.25%</b>
Post Venture Capital Index				0.00%				15.43%				-22.64%	-10.71%	-44.30%	-26.03%	-6.83%
<b>CASH EQUIVALENTS</b>																
<b>Northern Trust STIF/STEP</b>	<b>5,247,602</b>	<b>0.5%</b>	<b>1.0%</b>	<b>0.25%</b>	<b>6,255,542</b>	<b>0.6%</b>	<b>1.0%</b>	<b>0.42%</b>	<b>5,115,135</b>	<b>0.5%</b>	<b>1.0%</b>	<b>0.68%</b>	<b>1.36%</b>	<b>2.29%</b>	<b>4.72%</b>	<b>5.01%</b>
90 Day T-Bill				0.10%				0.43%				0.45%	0.98%	2.63%	4.67%	4.84%
<b>TOTAL FUND</b>	<b>1,017,335,461</b>	<b>100.00%</b>	<b>100.00%</b>	<b>-0.94%</b>	<b>1,026,161,460</b>	<b>100.00%</b>	<b>100.00%</b>	<b>4.92%</b>	<b>981,945,114</b>	<b>100.00%</b>	<b>100.00%</b>	<b>-8.86%</b>	<b>-5.27%</b>	<b>-6.83%</b>	<b>-0.72%</b>	<b>4.67%</b>
POLICY TARGET BENCHMARK				-1.11%				5.66%				-9.41%	-5.35%	-5.63%	-1.32%	4.65%

NOTE: Monthly returns and market values are preliminary and subject to change.